

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 SSO-00 NSCE-00 INRE-00 USIE-00 CIAE-00

DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-07 PA-04

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FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC IMMEDIATE 7739

C O N F I D E N T I A L SECTION 1 OF 2 SANTIAGO 1188/1

EO 11652: GDS

TAGS: CI, PINT

SUBJ: GOVT OUTLINES GOALS AND PROGRAMS

1. SUMMARY. JUNTA HAS ISSUED TWO DOCUMENTS AS PRELUDE TO MARCH 11 CEREMONY AND PINOCHET SPEECH MARKING SIX MONTHS IN POWER. FIRST OUTLINES IN GENERAL TERMS GOVT POLICIES TO CREATE "NEW CHILE" WHICH WILL BE "SOCIAL DEMOCRACY" IN WHICH SOCIAL AND ECONOMIC DEVELOPMENT TO BE GIVEN EQUAL EMPHASIS. SECOND DOCUMENT FOCUSES ON WIDE DEFINITION OF SOCIAL DEVELOPMENT AND EMPHASIZES COMPULSORY PARTICIPATION ALL CHILEANS IN THIS TASK VIA CREATION HIGHLY STRUCTURED CHAIN OF COMMAND EXTENDING FROM JUNTA TO NEIGHBORHOOD COUNCILS. LATTER DOCUMENT MARKED BY STRONG ANTI-SOCIALIST (AS OPPOSED TO SIMPLE ANTI-MARXIST) BIAS AND CONTAINS CLEAR CONDEMNATION OF CHRISTIAN DEMOCRATIC PARTY. END SUMMARY.

2. STATEMENT OF GENERAL GOALS SIGNED BY FOUR JUNTA MEMBERS APPEARED MARCH 10 PRESS. (COPY POUCHED DEPT) IT POSITS "NEW CHILE" TO BE CONSTRUCTED ON HUMANISTIC PRINCIPLES AND RULE OF LAW WITH HEAVY EMPHASIS ON LIBERTY, EQUALITY, FRATERNITY. NATIONAL OBJECTIVES ARE TO CREATE "AN EFFECTIVE SOCIAL DEMOCRACY," ELIMINATE POVERTY AND PROJECT CHILE'S TRUE IMAGE ABROAD.

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3. GOVERNMENT WILL ACT IN AUTHORITARIAN MANNER WHILE NEW SOCIETY BEING CREATED. NO TIME LIMIT MENTIONED. RECESS OF POLITICAL PARTIES NECESSARY DURING THIS STAGE. PARTICIPATION OF ALL CITIZENS IN GOVERNMENT ACTIVITY IMPERATIVE AS IS CREATION OF MODERN ADMINISTRATIVE APPARATUS "PURGED OF POLITICAL INFLUENCE." CITIZENS MUST BE KEPT WILL INFORMED AND NEW NATIONAL CONSCIOUSNESS MUST BE DEVELOPED. GOVERNMENTAL SERVICES WILL BE AVAILABLE TO ALL. NATIONAL SECURITY TO BE RESPONSIBILITY OF EVERY CHILEAN.

4. ECONOMIC PORTION OF STATEMENT SUMMARIZES AND REINFORCES GOC PHILOSOPHY OF RELYING UPON FREE MARKET FORCES. MOST IMPORTANT NEW RECOMMENDATION IS CREATION OF NATIONAL AMORTIZATION FUND UNDER CONTROL OF CENTRAL BANK, DESIGNED PRIMARILY TO INCREASE SAVINGS AND CAPTURE FX INCOME. PROFITS OF PROPOSED FUND WOULD BE USED TO FINANCE PUBLIC DEBT, PAY FOR COSTS OF SOCIAL SECURITY SYSTEM AND INCREASE FUND'S BASIC CAPITAL.

5. RELATED MEASURES TO STIMULATE SAVINGS ARE RATIONALIZATION AND DECENTRALIZATION OF BANKING SYSTEM AND CREATION OF DEVELOPMENT BANKS. STATEMENT ALSO CALLS FOR CLEAR RULES OF GAME FOR FOREIGN INVESTORS, INCLUDING NORMALIZATION OF SITUATION OF FOREIGN FIRMS THAT WERE TAKEN OVER BY STATE; PROMPT CLARIFICATION OF WORKER-EMPLOYER RELATIONSHIPS; REFORM OF LABOR CODE; AND MODIFICATION OF DECISION 24 OF ANDEAN GROUP. JUNTA SETS GOAL OF GDP GROWTH OF AT LEAST 6 PERCENT ANNUALLY. PRODUCTION INCREASES AND RATIONALIZATION OF PUBLIC SECTOR ENTERPRISES ARE MAJOR ECONOMIC TARGETS.

6. STATEMENT ARGUES THAT SOCIAL AND ECONOMIC DEVELOPMENT CO-EQUAL IN IMPORTANCE. PROGRAMS TO IMPROVE NATIONS' HEALTH, EDUCATION, HOUSING, WORKING STANDARDS, PRE-SCHOOL CHILE CARE, ETC. ARE ADVOCATED. PRIME GOALS ARE ERADICATION OF SUBSTANDARD LIVING CONDITIONS VIA GOVERNMENTAL ACTIVITY AND COMMUNITY ACTION. TRADITIONAL POLITICAL GROUPS WILL HAVE NO FUNCTION IN THIS ENDEAVOR. OUTLINE ALSO CONTAINS SECTION DEALING WITH FOREIGN RELATIONS WHICH NOT MADE PUBLIC.

7. SECOND DOCUMENT CONCERNING SOCIAL DEVELOPMENT MORE SPECIFIC AND THEREFORE MORE REVEALING OF JUNTA'S THINKING. DOCUMENT REJECTS PREVIOUS PROGRAMS OF SOCIAL DEVELOPMENT WHICH AIMED CONFIDENTIAL

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ONLY AT LOWER OR MARGINAL CLASSES, AND POSITS NEW POLICY WHICH WILL INVOLVE ALL CHILEANS VIA COMPULSORY MEMBERSHIP IN NEIGHBORHOOD COUNCILS. WIDERANGING DEFINITION OF WHAT IS SOCIAL DEVELOPMENT (ALL THAT IS NOT PURELY TECHNICAL OR ECONOMIC) AS WELL AS NATURE OF PROGRAMS ENVISIONED NECESSITATE CENTRALIZED HIERARCHAL ORGANIZATION WHICH WILL BE HEADED BY GENERAL LEIGH'S MINISTERIAL COUNCIL FOR SOCIAL DEVELOPMENT AND WHICH WILL EXTEND VIA JUNTA, PROVINCE GOVERNORS (INTENDENTES), AND MAYORS

DOWN TO LOCAL NEIGHBORHOOD COUNCILS. INFORMATION AND IDEAS WILL FLOW BOTH DOWNWARD AND UPWARD, BUT MILITARY MARCHING ORDER STYLE OF PROPOSED DEVELOPMENT STRUCTURE MAKES CLEAR THAT OVER-ALL DIRECTION WILL CLEARLY EMANATE FROM TOP.

8 MOST SIGNIFICANT OF SECOND DOCUMENT'S STATEMENTS REFER TO "DECADENCE OF CHILE" AND ENCOMPASS ATTACKS ON "SOCIALISM" AND CHRISTIAN DEMOCRATIC PARTY. SOCIALISM ANTITHETICAL TO FREE AND PLURALISTIC SOCIETY. INTERNATIONAL CAMPAIGN EXISTS TO PAINT JUNTA "AS FASCISTIC AND RETROGRESSIVE." HOWEVER, MAJOR DANGER LIES NOT ABROAD BUT EXISTS WITHIN COUNTRY IN FORM OF COMMUNIST PARTY CELLS. BASIS FOR BELIEF FOUNDED ON PAST PCCH SUCCESS IN INFILTRATION AND USING "CLERGY AND CERTAIN POLITICAL PARTIES SUCH AS RADICALS AND CHRISTIAN DEMOCRATS."

9. ELECTION OF ALLENDE NOT AN ISOLATED EVENT, BUT FINAL ACT IN DECLINE OF CHILE'S RULING CLASS WHICH DEBILITATED NATION OVER MANY YEARS. JUNTA HAS BEEN GIVEN "BLANK CHECK" BY NATION TO RECONSTRUCT IT. RARELY IN MODERN TIMES HAVE "SO FEW HAD OPPORTUNITY TO DO SO MUCH -- WITH SO MUCH FREEDOM -- FOR THE GOOD OF THEIR COUNTRYMEN" AS DOES THE JUNTA TODAY.

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ACTION ARA-20

INFO OCT-01 ISO-00 SSO-00 NSCE-00 INRE-00 USIE-00 CIAE-00

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FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC IMMEDIATE 7740

C O N F I D E N T I A L SECTION 2 OF 2 SANTIAGO 1188/2

EO 11652: GDS

TAGS: CI, PINT

SUBJ: GOVT OUTLINES GOALS AND PROGRAMS

10. IMPORTANT HOWEVER TO ANALYZE CAUSES OF PAST DECADENCE. SECTARIAN GOVERNMENTS, INTERESTED ONLY IN PARTY GOALS, AND DOMINATED BY FOREIGN IDEOLOGIES AND FINANCING (E.G. PCCH-RUSSIA, PS-CUBA AND PDC-ITALY AND GERMANY AS WELL AS U.S. PRIVATE ORGANIZATIONS AND CHURCH GROUPS) ALLOWED DEVELOPMENT OF SOCIALISM AND "STATISM" WHICH NEVER DEVELOPED COMPREHENSIVE PLAN OF NATIONAL SOCIAL DEVELOPMENT. JUNTA HAS OPPORTUNITY TO CREATE "NEW SOCIETY" BUT CAN DO SO ONLY WITH GOVERNMENT NOT INFLUENCED BY PETTY PARTY INTERESTS AND WHICH IS IMPERSONALLY JUST, NATIONALISTIC AND GIVES IMPRESSION OF LASTING. SUCH GOVERNMENT WILL DEVELOP NEW INSTITUTIONALITY FOR COUNTRY BASED UPON ACTIVE PARTICIPATION OF ALL CITIZENRY. EXTENT OF FOREIGN SUPPORT FROM U.S., JAPAN, BRAZIL, AND WORLD BANK DEPENDENT UPON SUCCESS OF JUNTA'S PROGRAMS.

11. COMMENT: TAKEN AS A WHOLE DOCUMENTS ARE MOST SYSTEMATIC AND REVEALING PUBLIC STATEMENTS YET PRODUCED BY JUNTA. FIRST SETS OUT GOALS IN GENERAL TERMS AND IS REplete WITH FAR RANGING PROPOSALS WHICH CHILEAN OR ANY OTHER GOVERNMENT WOULD HAVE GREAT DIFFICULTY IN IMPLEMENTING IN FULL. SECOND DOCUMENT, INT CONFIDENTIAL

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ITS WIDE DEFINITION OF SOCIAL ISSUES, ITS CONCEPT OF HIGHLY STRUCTURED PLAN OF SOCIAL DEVELOPMENT AND, IN EFFECT, ITS CREATION OF A NEW NATIONAL, ANTI-POLITICAL MENTALITY IS, IN ITS OWN WAY, REVOLUTIONARY.

12. TYING OF CHRISTIAN DEMOCRATS WITH MARXISTS AND CONDEMNATION OF "SOCIALISM" CONSTITUTE JUNTA'S MOST EXPLICIT STATEMENT OF ITS DETERMINATION TO REVERSE TREND OF RECENT CHILEAN HISTORY. IN LUMPING TOGETHER THE CHRISTIAN DEMOCRATS AND THE MARXIST PARTIES, THE JUNTA IS, IN EFFECT, REJECTING THE GENERAL APPROACH OF 65 PER CENT OF THE CHILEAN ELECTORATE IN RECENT YEARS. TRAUMA OF PDC WHICH IS ALREADY FEELING BATTERED BY EVENTS SURROUNDING LETTER-LEAK (SANTIAGO 675, 703) AND LATER ARREST OF LABOR LEADER WASHINGTON SEPULVEDA WILL NOT DOUBT DEEPEN. GENERAL PINOCHET SCHEDULED TO SPEAK THIS EVENING AND HIS TALK SHOULD SHED FURTHER LIGHT ON GOVT'T'S INTENTIONS. POPPER

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